

# WASHINGTON COUNTY WATER DISTRICT

## SUMMARY

The Washington County Water District is an independent special district responsible for providing water and fire protection services to the unincorporated community known as the Town of Washington. The Washington County Water District is governed by a Board of Directors elected by the district's voters.

The Nevada County Grand Jury received a citizen complaint regarding the Washington County Water District. In the process of investigating the complaint, the Nevada County Grand Jury found that the Washington County Water District By-laws are generic and do not represent the needs of the Washington County Water District. The Washington County Water District did not regularly post or hold board meetings in accordance with the Ralph M. Brown Act, California Government Code 54950 et seq.

## GLOSSARY

**Grand Jury** - Nevada County Grand Jury

**District** - Washington County Water District

**Board** - Board of Directors of the Washington County Water District

**Brown Act** - Ralph M. Brown Act, California Government Code 54950 et seq.

**LAFCo** - Nevada County Local Area Formation Commission

**CABY** - Cosumnes, American, Bear and Yuba, a collaborative, non-profit, watershed planning organization

**Proposition 172** - California Public Safety Protocol and Improvement Act of 1993

**SCADA** - System Control and Data Acquisition

**Proposition 84** - Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006

## BACKGROUND

Special Districts are a form of local government created by a community to meet specific needs. Most of California's special districts perform a single function such as sewage treatment, water, fire protection, pest management, or cemetery management.

The Nevada County Grand Jury (Grand Jury) received a complaint regarding the Washington County Water District (District), which is responsible for providing water, fire, and emergency medical services to the residents of the District. The complaint alleged the Board of Directors of the Washington County Water District (Board) failed to follow the Ralph M. Brown Act, California Government Code 54950 et seq. (Brown Act) requiring public

postings of board meetings. The Board failed to provide an adequate budget for fire and medical services.

The District is an independent special district supported by public funds and user fees. The District has one part-time employee. Under contract are a licensed treatment plant operator, one accountant, and one secretary. Fire and emergency medical services are provided by volunteers.

The District is governed by a five-member Board with each member serving a four-year term. The Board is responsible for setting policy and general administrative procedures for all services provided by the District.

## **APPROACH**

The Grand Jury interviewed:

- members of the Board,
- a staff member from Nevada County Local Area Formation Commission (LAFCo),
- a contractor with Cosumnes American Bear and Yuba (CABY), a collaborative, non-profit, watershed planning organization ,
- a project manager,
- a contract employee,
- the complainant.

The Grand Jury also reviewed related documents and took a field trip to become familiar with the existing water system and tour the fire station.

## **DISCUSSION**

The Board is required to meet in regular sessions with an agenda posted in a location with community access per the Brown Act. It appears that no specific person is responsible for posting agendas. Some meetings are being held in a private residence. The Board is responsible to provide treated water, maintenance of the water system, and fire and medical services. The Board does not have a policies and procedures manual that includes the financial responsibilities and requirements to run the District.

### **Water System**

The existing domestic water system in the town of Washington is very old and over the decades has been repaired, patched, expanded, and only modestly upgraded. It takes in raw water from Canyon Creek, about three miles above the town. The only treatment consists of a sand filter and chlorination. After treatment the water gravity flows to a single storage tank and is distributed to approximately 122 known customers within the District. Due to an

absence of meters, all residential customers pay the same monthly rate of \$50.00 regardless of actual usage.

CABY functions as a vehicle to obtain funding from grants. The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) and the Integrated Regional Water Management Plan served as a catalyst for the creation of the collaborative group. The projects, initiatives, and partnerships continue to expand.

The District was awarded a CABY grant of \$1.3 million from Proposition 84 funds to make necessary water system improvements. The money is to be used to:

- repair leaks in pipes as needed,
- improve the treatment plant,
- install meters,
- replace existing fire hydrants,
- install a System Control and Data Acquisition (SCADA), a computer system that will monitor operational maintenance efficiencies.

The contract also calls for an operations and maintenance plan for implementation.

CABY grant funds for the District are being administered by the City of Nevada City. Funds are disbursed as requests for warrants are received and established benchmarks are met. Work is to be completed by licensed, insured, and bonded contractors using a competitive bidding process. Contractors will be required to certify payrolls. The anticipated completion date is late 2016.

All users will have meters installed to determine the amount of water usage for billing purposes. Data collected from the meters will aid in the development of a billing system.

A financial plan for future maintenance and service has not been developed.

## **Board Issues**

The By-laws entitled, "BY-LAWS WASHINGTON COUNTY WATER DISTRICT" adopted by the Board are generic and do not include any reference to the District in several sections.

The Board has not taken advantage of training available from the Special Districts Association or LAFCo.

Public posting of regular Board meeting agendas has not been consistent per Brown Act requirements.

The District has experienced a high turnover of board members over the years.

In the past the District has failed to submit audits and budgets within the required timeframe. CABY's independent contractor has provided assistance to the Board in meeting and bringing audits and budgets up to date.

Three sources of annual income have been identified: Ad Valorem tax, customer rate payments, and the California Public Safety Protocol and Improvement Act of 1993 (Proposition 172). This income has proven inadequate to provide for the necessary required services of the District.

### **Fire Department Issues**

The Board is the governing body for water, fire, and medical services.

The primary funds available for the volunteer fire and medical services are generated from Proposition 172 and provide approximately \$5,000 per year. The Board supplements this income by paying for fuel and workers compensation insurance for the volunteer fire department.

A portion of customer rate payments specified in the budget for the fire department has not been distributed to the fire department on a regular basis.

There has been a lack of communication between the Board and members of the volunteer fire department, including lack of notification of Board meetings and the uncertainty of the fire department budget. Some Board members stated they do not understand the budget and operational needs for fire and medical services.

### **Findings**

- F1.** The District's residents, including fire department personnel, would benefit by having regular meetings and consistent postings of Board meeting agendas per the Brown Act.
- F2.** The District's operations could be carried out more effectively by having a comprehensive policy and procedures manual.
- F3.** Through Proposition 84 the taxpayers have made a substantial investment in the District water system.
- F4.** SCADA will enable operational and maintenance efficiencies.
- F5.** The District's operations will benefit from the operations and maintenance plan which is to be provided by the current contract with CABY.
- F6.** Physical improvements to the water system will provide the District with data for more accurate billing and improve efficiencies, including the operation of the water treatment plant.

- F7.** The Board would benefit by receiving special district training which would include budgeting as well as receiving training on fire and medical service requirements and regulations.
- F8.** The District would benefit by reducing the turnover rate among board members.
- F9.** Based on its current income sources the District cannot continue to provide the water, fire and medical services along with the necessary long-term maintenance needs.

### **RECOMMENDATIONS**

The Nevada County Grand Jury recommends that the Board of Directors of the Washington County Water District:

- R1.** Post all Board meeting agendas in a public place per Brown Act requirements.
- R2.** Develop a comprehensive policy and procedures manual.
- R3.** Develop a financial plan for future operation and maintenance of the water system.
- R4.** Receive training on the governance of a special district.

### **REQUEST FOR RESPONSES**

Pursuant to Penal Code section 933.05, the Grand Jury requests responses by September 24, 2015, from the following:

The Board of Directors of the Washington County Water District as to; Findings #1-9, Recommendations #1-7.

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.
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**WASHINGTON COUNTY WATER DISTRICT**

P.O. BOX 34, WASHINGTON, CA 95986

(530)-265-4720

October 11, 2015

The Honorable Tom Anderson  
Presiding Judge of the Nevada County Grand Jury  
Nevada County Courthouse  
201 Church Street  
Nevada City, CA 95959

Re: Washington County Water District's Response to the 2014-2015 Nevada County Civil Grand Jury Report: "Washington County Water District"

**Dear Judge Anderson,**

As requested by the Grand Jury, the Washington County Water District (WCWD) hereby submits an updated response to the subject Grand Jury Report, dated September 9, 2015. This document revises a single entry on our response dated 9/9/15 – see F8 in the attachment.

The revised response was approved by the WCWD Board of Directors at their Regular Meeting on October 15, 2015 – which was duly noticed per the requirements of the Brown Act, per standard WCWD policy and procedure.

On behalf of the WCWD Board, I would like to reiterate our thanks to the 2014-2015 Grand Jury panel for their efforts in preparing the referenced report and respectfully submit our responses to the findings and recommendations included in the report.

Sincerely,

Theresa Morrison, Chair  
WCWD

cc: SR Jones, LAFCo Executive Director  
Richard Anderson, Supervisor District #5

WASHINGTON COUNTY WATER DISTRICT RESPONSES TO  
2014-2015 NEVADA COUNTY CIVIL GRAND JURY REPORT  
“WASHINGTON COUNTY WATER DISTRICT”

The responses to the Grand Jury Findings and Recommendations were approved by the WCWD Board at a Special Meeting on August 27, 2015.

**RESPONSE TO FINDINGS**

**F1.** The District’s residents, including fire department personnel, would benefit by having regular meetings and consistent postings of Board meeting agendas per the Brown Act.

**Agree - already in practice:** The District already holds regular meetings every month on the third Thursday of the month.

These meetings are publically noticed in town at the Post Office, as well as the bulletin board by the Fire House and the bulletin board outside the Washington Hotel. In previous years, before the closure of the General Store, meetings were noticed at the local store as well. It is important to note that this remote, isolated rural community is not served by a newspaper, has extremely limited internet access available to a very small percentage of the residents, and has no other effective or reliable way to inform local customers about WCWD activities and meetings other than through local postings.

The agendas always include both Water District and Fire Department items and are conducted as two separate but consecutive meetings. This has been the practice and policy of the District for years and will remain so into the future.

**F2.** The District’s operations could be carried out more effectively by having a comprehensive policy and procedures manual.

**Agree – already in progress, prior to Grand Jury Report:** The District has already begun to compile a Policies and Procedures Manual, as well as undertaking a formal update of its by-laws. This process has been initiated as part of a state-funded grant program and will be completed by mid-2016. The Policies and Procedures Manual will address both operational and institutional practices, priorities and activities.

**F3.** Through Proposition 84 the taxpayers have made a substantial investment in the District water system.

**Agree:** Six projects funded by the Prop 84 Grant for a total of \$1.3 million are already in progress. Of the six, five will be completed by mid-2016 and the other will be completed by the end of summer 2017.

**F4.** SCADA will enable operational and maintenance efficiencies.

**Agree:** The SCADA project should be complete by mid-2016.

**F5.** The District's operations will benefit from the operations and maintenance plan which is to be provided by the current contract with CABY.

**Correction:** The City of Nevada City is the grantee for the Proposition 84 Implementation Grant awarded by the CA Department of Water Resources in 2010. Although the CABY group sponsored preparation of the grant application, the grant itself is not a CABY grant – no funds for the projects funded by the grant are received or distributed by CABY.

**Agree – already in progress, prior to Grand Jury Report:** As stated above, the District had already begun preparation of the various documents which together will comprise the Policies and Procedures Manual prior to the activities of the Grand Jury. The work effort will continue, with the final Policies and Procedures Manual scheduled for completion in mid-2016.

**F6.** Physical improvements to the water system will provide the District with data for more accurate billing and improve efficiencies, including the operation of the water treatment plant.

**Agree:** The SCADA system, in conjunction with the recently installed (through grant-funding) water meters, will give the District a very accurate understanding of the status of water use, water conservation, overall costs of providing water, and the ability to identify and repair leaks in a timely fashion.

**F7.** The Board would benefit by receiving special district training which would include budgeting as well as receiving training on fire and medical service requirements and regulations.

**Agree – already in progress:** The District has already initiated a training program through the Rural Community Assistance Corporation (RCAC) on a variety of topics, including: ethics, budget management, rate evaluations and studies, and other similar topics. The District is coordinating with Nevada County LAFCo, adjacent Fire Departments, and RCAC to obtain more information on the availability of training for its volunteer fire fighters, as well as understanding applicable regulations.

**F8.** The District would benefit by reducing the turnover rate among board members.

**Partially Disagree:** While any public agency benefits from a consistent membership, similarly they benefit from the infusion of new ideas and strategies/perspectives.

In the case of the WCWD Board – the vacancies have resulted from a variety of factors: death, movement of Directors out of the District, self-removal upon inability to serve due to health issues, etc. With a population of under 250, the community has a limited pool from which to recruit Board members. The ongoing recruitment of Board members to replace those who resign, pass away or move out of the community will continue. The frequency of such occurrences is completely outside of the control of the Board.

**F9.** Based on its current income sources the District cannot continue to provide the water, fire and medical services along with the necessary long-term maintenance needs.

**Disagree:** The current Board has exhibited extreme diligence in reversing the financial situation of the District, which it inherited from a previous Board. A review of the audits and financial statements makes it clear that financial frugality, a willingness to cut budget to accommodate the



building of financial reserves, diligence in collecting funds from delinquent accounts, and other similar behaviors have resulted in an increased amount of reserve funds being held by the District – directly impacting their long-term sustainability.

The Board is currently working directly with the volunteer fire fighters, as well as members of the community and the Fire Auxiliary to develop a sustainable funding profile for the Fire Department. The grant-funded consultant is also working with the District to identify a variety of options for grant funding to support Fire Department training, supplies and operations.

The completion of the grant-funded improvements to the water system will reduce the need for operation and maintenance at the level that was required over the last 10+ years. During the initial period following infrastructure installation, the District expects to further build its reserves, as a result of reduced maintenance costs.

A product of the grant is the development of a Capital Improvement Plan (CIP). Development of this CIP will further assist the District in addressing long-term needs and strategic grant funding opportunities. The strategy for raising funds through grants and loans is a specific aspect of the CIP and the development of the Policies and Procedures Manual.

Finally, following a full years' worth of meter readings, the Board will institute a rate study (with the assistance of RCAC). This rate study will focus not only on meeting annual expenses, but also building strong reserves. The disadvantaged status of this community will need to be balanced with the continued stability of the water system and the Fire Department.

## RESPONSE TO RECOMMENDATIONS

The Nevada County Grand Jury recommends that the Board of Directors of the Washington County Water District:

**R1.** Post all Board meeting agendas in a public place per Brown Act requirements.

**Agree – already the procedure of the WCWD Board:** This is the current practice of the Board (and has been for years) and there is no reason why this protocol would change. All meetings have been posted locally for decades. The 2014 death of the Board President, and owner of the local store resulting in the stores' subsequent closure, resulted in a multiple-month process of accommodation, as locals who were accustomed to viewing WCWD postings at the store needed to accommodate to the use of other local venues as posting locations.

**R2.** Develop a comprehensive policy and procedures manual.

**Agree – already in progress, prior to Grand Jury Report:** The plan (already in progress before the Grand Jury was convened – with funding from the Prop 84 Implementation Grant as administered by Nevada City), will be completed by mid-2016.

**R3.** Develop a financial plan for future operation and maintenance of the water system.

**Agree – already in progress, prior to Grand Jury Report:** The Capital Improvement Plan (CIP) [please see F9 and R2, above] in conjunction with the final project report prepared to close out the Prop 84 Implementation Grant, will provide a clear financial plan and strategy for funding

the long-term operation and maintenance of the water treatment and distribution system, as well as the activities of the Fire Department.

**R4.** Receive training on the governance of a special district.

**Agree – already in progress, prior to Grand Jury Report:** This training (partially funded by the Prop 84 Implementation Grant and partially provided through the auspices of LAFCo and RCAC), will continue into the future. Additionally, an orientation packet for new board members will also be prepared at the close of the current grant.

#### **REQUEST FOR RESPONSES**

Pursuant to Penal Code section 933.05, the Grand Jury requests responses by September 24, 2015, from the following:

The Board of Directors of the Washington County Water District as to; Findings #1-9, Recommendations #1-7.

The responses to the Grand Jury Findings and Recommendations were approved by the WCWD Board at a Special Meeting on August 27, 2015.



**GRAND JURY**  
**COUNTY OF NEVADA**  
**Eric Rood Administration Center**  
950 Maidu Avenue  
Nevada City, California 95959  
Phone Number: 530-265-1730  
Email: grandjury@nevadacountycourts.com

September 28, 2015

Theresa Morrison, Chair  
Washington County Water District  
P. O. Box 34  
Washington, CA 95986

RE: Response on report needs correction

Dear Ms. Morrison:

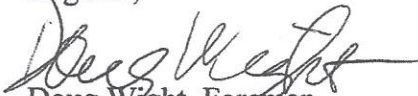
The Nevada County Grand Jury is in receipt of the Washington County Water District's Responses to the report issued by the Grand Jury during the 2014-15 term.

However, the Response to Finding F8 did not meet the Penal Code. The Penal Code provides that you either Agree, Disagree or Partially Disagree, but there is nothing in the Penal Code that provides that you may respond with "Agree and Disagree" as stated in your response to the specific Finding.

Could you please resend it to the Nevada County Grand Jury with a response of "Partially Disagree" instead of the two words, "Agree and Disagree." The explanation that you provided does actually suffice if you were to change your two words as described above.

Your prompt attention in the above matter is appreciated. If possible please return your response by October 15, 2015.

Regards,

  
Doug Wight, Foreman  
Grand Jury of Nevada County